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**September 24, 1984**
**Volume 134**
**Number 7**

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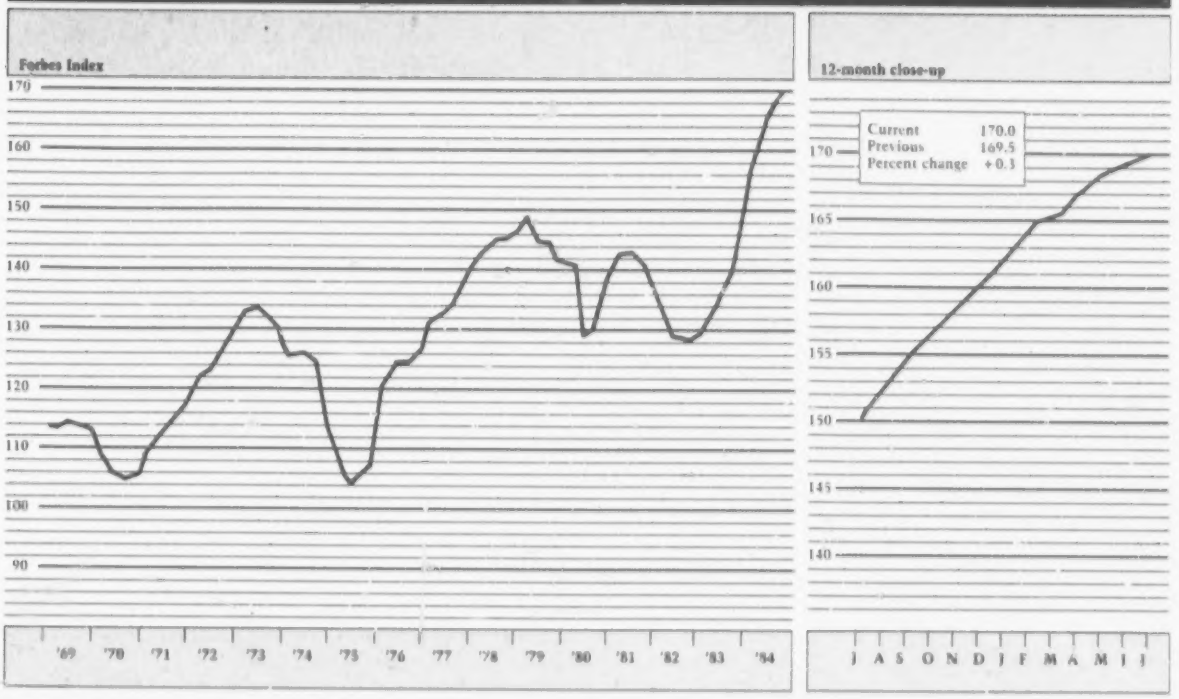
**Cover photo by: Steven Pumphrey**

# The Forbes Index



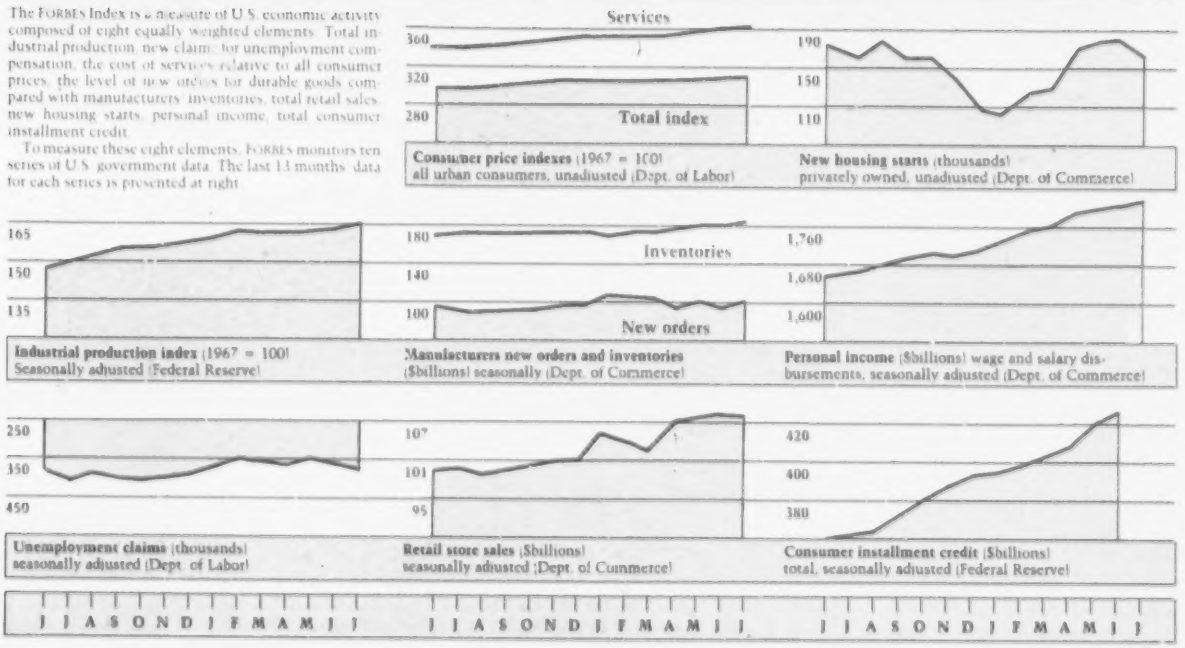

**Close to peaking?** The Forbes Index registered one of its smallest advances in months, further evidence that the economy is slowing down. This time it was a sharp decline in new housing starts that confined the overall Forbes Index to only a 0.3% increase. The real culprit, of course, is high interest rates, which are keeping many people out of the housing market.

On the positive side, manufacturers' new orders rose 1.3% over the previous month, while inventories increased by only 1.1%. Other encouraging news came from the overall Consumer Price Index, which gained 0.3%, or only 3.6% on an annualized basis. But the services component of the CPI still continues to rise at a much faster rate. It was up 0.7% in July, or 8.4% on an annualized basis.

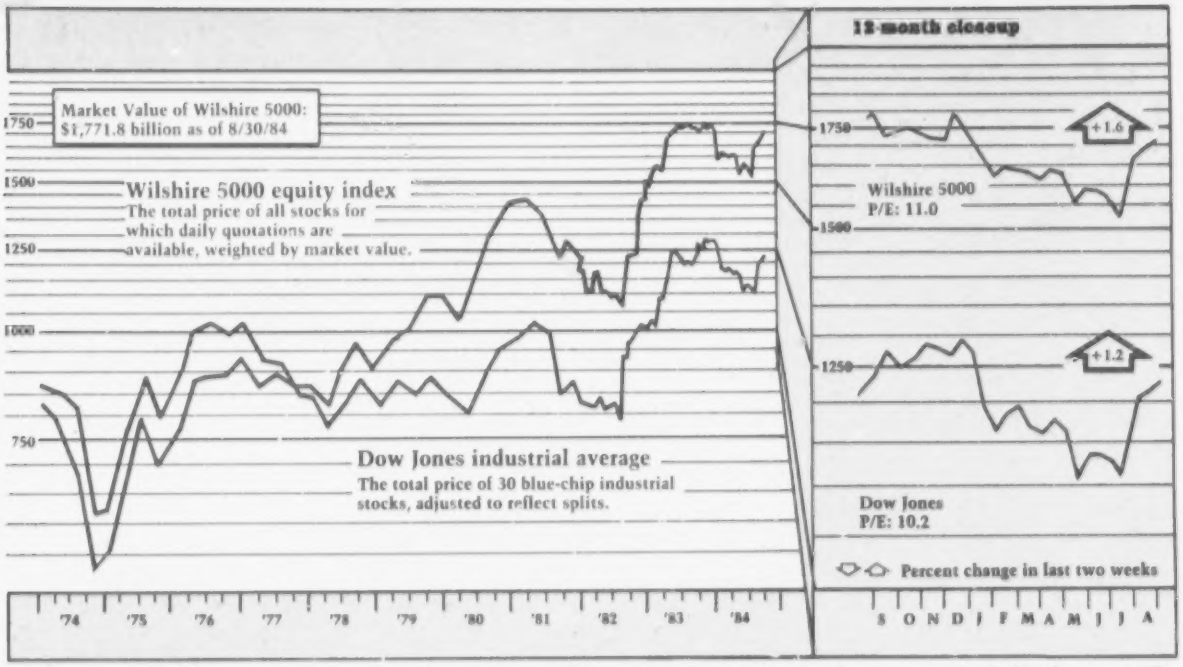
## The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



# The Forbes/Wilshire 5000 Review


12-month closeup
Market Value of Wilshire 5000: $1,771.8 billion as of 8/30/84
1750
1500
1250
1000
750
Wilshire 5000 equity index
The total price of all stocks for which daily quotations are available, weighted by market value.
Dow Jones industrial average
The total price of 30 blue-chip industrial stocks, adjusted to reflect splits.
'74 '75 '76 '77 '78 '79 '80 '81 '82 '83 '84
+1.6
Wilshire 5000 P/E: 11.0
+1.2
Dow Jones P/E: 10.2
Percent change in last two weeks
S O N D J F M A M J J A

**Gaining credibility.** As summer wound to a close Wall Street cooled down considerably. But this milder atmosphere may help sustain the rally. Despite the slower pace, stocks continued on their upward trek. During the most recent two weeks the Dow industrials made a modest 1.2% advance, while the NYSE composite index gained 1.7%. NASDAQ shares performed in line with the Big Board. But the most impressive gains were registered by Amex issues, which were up 3.5% during the period. Even with these relatively small gains of the last two weeks the market still sports an impressive record for a four-week performance. The major indicators show gains ranging from 9.1% for the Amex to 4.9% for the Dow. The Wilshire index, which now measures more than 5,600 issues, registered a 5.7% increase.

Our investor yardsticks indicate broad-based buying activity. For example, during the last four weeks high-P/E stocks gained 6.5% and low-P/E stocks gained 6.1%. Investors also showed little difference in their preferences for high-priced and low-priced issues. The main distinctions were between high-volatility shares, which gained 7.7%, and low-volatility issues, up 4.6%; and between high-growth shares, up 7.2%, and low-growth shares, with only a 4.4% gain.

## Close-up On The Equity Markets

**Performance of six leading indexes**

| Percent change | Wilshire 5000 | Forbes 500[1] | Dow Jones industrials | NYSE Composite | Amex Market Value Index | NASDAQ Composite |
|---|---|---|---|---|---|---|
| in last 4 weeks | 5.7 | 5.1 | 4.9 | 5.6 | 9.1 | 6.6 |
| in last 52 weeks | –2.0 | 1.6 | 1.4 | 1.0 | –6.8 | –13.6 |

**Stock performance based on six key investor yardsticks**

| Percent change | Company size | | Volatility[2] | | P/E multiple | | Dividend yield | | Growth profile[3] | | Share price | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | large | small | high | low | over 25 | under 5 | over 7.5% | none | high | low | over $40 | under $4 |
| in last 4 weeks | 6.2 | 4.3 | 7.7 | 4.6 | 6.5 | 6.1 | 4.7 | 6.5 | 7.2 | 4.4 | 5.7 | 5.8 |
| in last 52 weeks | –0.5 | –10.0 | –14.0 | 7.5 | –18.6 | –0.6 | 5.2 | –9.4 | –13.8 | 7.3 | 5.3 | –16.2 |

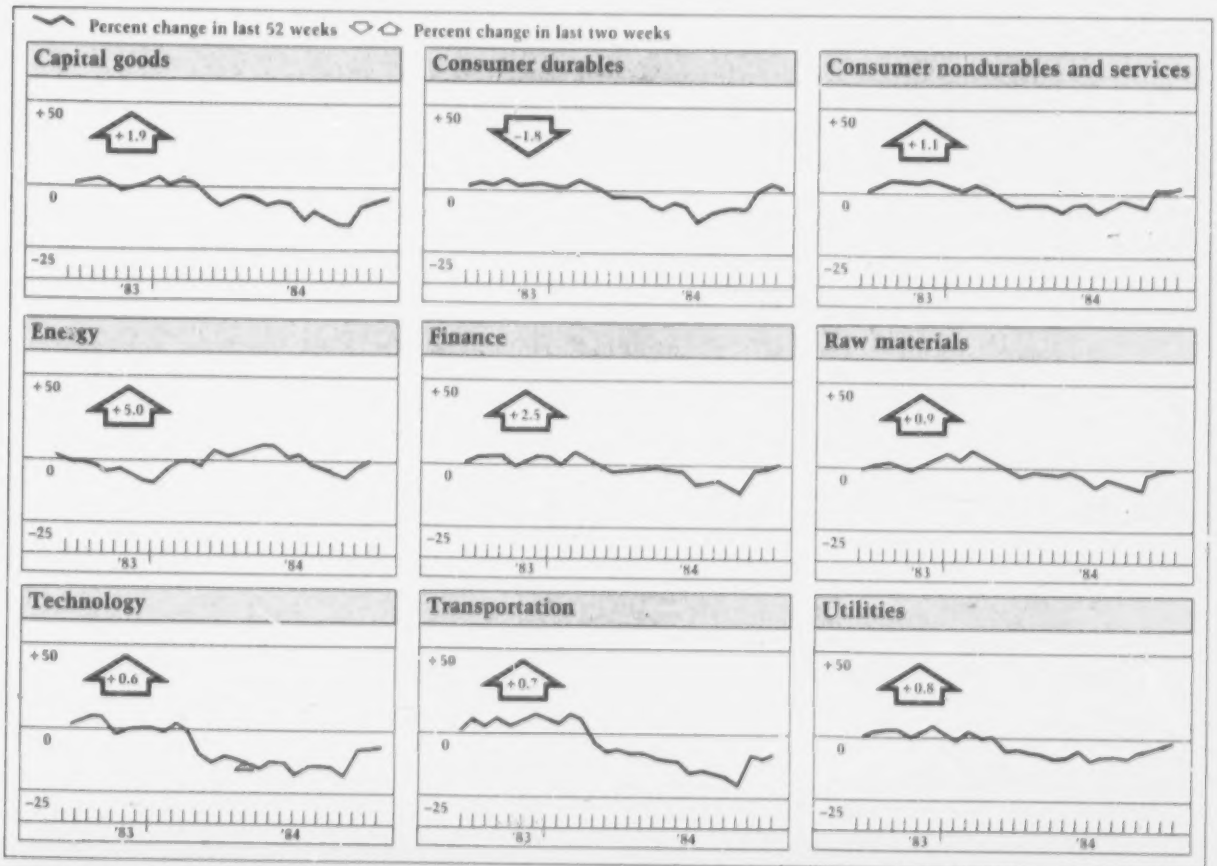
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 8/30/84. Prepared by Wilshire Associates, Santa Monica, Calif.

## Where The Action Is

**Hot oils in a cool market.** After several false starts the long-beleaguered oil stocks finally seem to be on the mend. Since the start of the August rally, energy shares have been outstanding performers. During the last two weeks oil issues registered a 5% gain. Meanwhile, the Wilshire index gained only 1.6%, and the second-best performing group, finance, was up only 2.5%. For the last four weeks the oils have sported an 11.9% gain, vs. a 5.7% rise in the Wilshire index and a 6.9% advance for second-place technology shares.

The only other groups showing two-week gains of more than 1% were consumer nondurables and capital goods. One group, however, consumer durables, lost ground during the last two weeks.




## What The Analysts Think

**Still cutting after all these months.** Analysts continue to scale back 1984 earnings estimates for most Wilshire sectors. During the last two weeks the sharpest reductions were made in estimates for the transportation group. Meanwhile, analysts became just a bit more optimistic about the prospects for utility issues.

**Forecasting the Forbes 500**

| Performance period | Average earnings per share | P/E |
|---|---|---|
| latest 12 months | $3.02 | 11.7 |
| 1984 estimates | 3.93 | 8.9 |
| 1985 estimates | 4.70 | 7.2 |

| Rank based on change in estimate | Sector | Estimated 1984 EPS | % change in 1984 estimate in 2 weeks | % change in 1984 estimate in 4 weeks |
|---|---|---|---|---|
| 1 | Utilities | $3.51 | 0.09% | -0.22% |
| 2 | Capital goods | 2.40 | -0.04 | -0.22 |
| 3 | Consumer durables | 3.38 | -0.28 | -0.59 |
| 4 | Consumer non-durables | 2.63 | -0.84 | -1.44 |
| 5 | Technology | 2.03 | -1.01 | -3.58 |
| 6 | Raw materials | 2.69 | -1.02 | -2.64 |
| 7 | Energy | 2.66 | -1.59 | -1.05 |
| 8 | Finance | 3.49 | -1.95 | -1.33 |
| 9 | Transportation | 2.62 | -2.39 | -1.14 |

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 8/30/84. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

Shelley Field

## Statistical Spotlight

*Three years ago, we picked out 105 stocks that looked like bargains. Now they are up by 145%—three times the market's overall gain. Naturally, we've got another list.*

# Smart? Or just lucky?

Charles Waller

**By Leslie Pittel and Barbara Kallen**

WE REGULARLY MONITOR results for the stock portfolios we create in this column. Sure, the theory behind a particular list tends to be interesting in its own right. But try buying dinner with a theory.

One of our favorite features, which we usually label "loaded laggards," seems to beat the market with surprising regularity. The list of 105 loaded laggards that appeared in our Oct. 26, 1931 issue has reaped a return of 145%—excluding dividends. Not bad, especially when you consider that the market is up only 46% over the same period.

We use several criteria to create our loaded laggard portfolios. Basically, we try to find companies that look cheap and seem otherwise healthy.

### Book-value bargains

**These 92 stocks all sell below book value, as the ratios in column seven below indicate. Each company is currently making money and, as shown in column three, also has a positive earnings growth rate over the past four years. In addition, many of these firms have a price/earnings multiple well below the market average.**

#### New York Stock Exchange

| Name/business | Recent price | 52-week high | 52-week low | 4-year earnings growth | EPS | P/E | Book value | Price/ book | Debt/ equity | Yield | Sales ($mil) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Adams-Millis/textiles | 15¼ | 18⅞ | 11⅞ | 144% | $ 0.95 | 16.1 | $15.97 | 0.95 | 65.0% | 1.8% | $ 82.8 |
| Anderson Clayton/food processing | 29¼ | 33½ | 24½ | 8 | 2.83 | 10.5 | 46.18 | 0.64 | 6.1 | 4.4 | 1,390.4 |
| Applied Magnetics/computers | 10¼ | 33⅛ | 8 | 1 | 0.80 | 13.4 | 14.02 | 0.77 | 2.8 | — | 101.6 |
| Armstrong Rubber/tires | 19 | 19¼ | 15 | 33 | 2.54 | 7.5 | 20.57 | 0.92 | 34.7 | 2.5 | 594.7 |
| Burlington Inds/textiles | 25⅛ | 43 | 23 | 3 | 4.11 | 6.1 | 42.70 | 0.59 | 37.1 | 6.5 | 2,990.4 |
| Burlington North/transportation | 44¼ | 54¼ | 35 | 7 | 7.02 | 6.3 | 50.39 | 0.88 | 73.0 | 2.3 | 4,508.2 |
| Control Data/comp svcs and equip | 33⅛ | 57⅛ | 24⅛ | 4 | 3.42 | 9.7 | 47.13 | 0.70 | 290.5 | 2.0 | 4,582.8 |
| Easco /tools | 14 | 22⅞ | 12⅞ | 2 | 1.32 | 10.6 | 17.37 | 0.81 | 54.4 | 6.3 | 492.6 |
| Fabri-Centers of Am/spec retail | 10½ | 13⅞ | 9⅛ | 6 | 0.89 | 11.8 | 11.73 | 0.90 | 10.3 | 2.7 | 209.4 |
| Firestone Tire & Rubber/tires | 18⅛ | 23⅞ | 15¾ | 5 | 1.83 | 9.9 | 26.66 | 0.68 | 24.0 | 4.4 | 3,866.0 |
| Fischbach/electric contractor | 43¾ | 55½ | 40¾ | 22 | 5.32 | 8.2 | 48.35 | 0.90 | 18.5 | 6.1 | 1,339.0 |
| Ford Motor/autos | 45½ | 47⅜ | 33 | 15 | 15.97 | 2.8 | 46.01 | 0.99 | 31.6 | 3.5 | 44,454.6 |
| Goodyear Tire & Rubber/tires | 27⅜ | 33½ | 23 | 11 | 3.97 | 6.9 | 28.61 | 0.96 | 20.7 | 5.1 | 9,735.8 |
| Grolier/publishing | 3⅛ | 5⅛ | 3 | 218 | 0.77 | 4.4 | 3.60 | 0.94 | 247.7 | — | 286.2 |
| Intl Multifoods/food processing | 24½ | 34 | 23 | 19 | 3.44 | 7.1 | 25.03 | 0.97 | 45.9 | 7.2 | 1,067.2 |

## Book-value bargains

### New York Stock Exchange

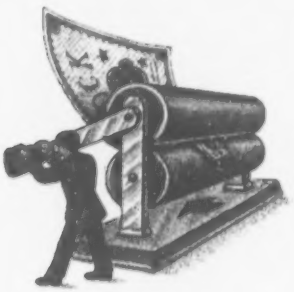
| Name/business | Recent price | 52-week high low | 4-year earnings growth | EPS | P/E | Book value | Price/ book | Debt/ equity | Yield | Sales ($mil) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Jewelcor**/specialty retail | 6⅞ | 9 – 5⅞ | 2% | $0.48 | 14.3 | $14.32 | 0.48 | 51.0% | — | $ 195.7 |
| **Mohasco**/home furnishings | 19¾ | 24¼–16¼ | 17 | 2.47 | 8.0 | 30.90 | 0.64 | 28.6 | 1.6% | 643.8 |
| **Morrison-Knudsen**/construction | 29⅜ | 32⅜–26¼ | 8 | 3.99 | 7.4 | 33.09 | 0.89 | 17.1 | 4.8 | 2,166.0 |
| **Morse Shoe**/retail | 22¼ | 35⅞–21⅜ | 6 | 3.28 | 6.8 | 23.19 | 0.96 | 41.3 | 3.6 | 523.0 |
| **GC Murphy**/retail | 33¼ | 41½–26 | 21 | 4.34 | 7.7 | 35.29 | 0.94 | 42.3 | 4.2 | 872.2 |
| **Murray Ohio Mfg**/bikes, mowers | 20⅞ | 29¾–20 | 1 | 2.33 | 9.0 | 28.90 | 0.72 | 23.1 | 5.7 | 386.5 |
| **Pueblo Intl**/supermarkets | 11 | 11¾– 7⅛ | 4 | 1.18 | 9.3 | 11.39 | 0.97 | 88.7 | 1.5 | 476.8 |
| **Puerto Rican Cement**/cement | 8½ | 12¼– 5½ | 9 | 2.38 | 3.6 | 14.80 | 0.57 | 134.4 | — | 57.2 |
| **Scot Lad Foods**/food processing | 6⅞ | 12⅞– 6 | 27 | 1.30 | 5.3 | 8.82 | 0.78 | 76.6 | — | 886.7 |
| **Springs Inds**/home furnishings | 34⅜ | 40⅜–31¼ | 1 | 4.59 | 7.5 | 48.09 | 0.71 | 10.6 | 4.4 | 894.4 |
| **Suave Shoe**/footwear | 7⅜ | 9⅜– 6¾ | 9 | 0.37 | 19.9 | 11.14 | 0.66 | 22.8 | 4.1 | 111.5 |
| **Tandycrafts**/leather products | 13½ | 17½–11⅞ | 17 | 1.07 | 12.6 | 14.44 | 0.93 | 0.0 | — | 61.1 |
| **United Brands**/food processing | 16¼ | 21¾–13⅛ | 9 | 3.43 | 4.7 | 17.37 | 0.94 | 172.9 | — | 3,360.4 |
| **West Point-Pepperell**/apparel | 39 | 54⅞–34⅜ | 20 | 5.97 | 6.5 | 43.87 | 0.89 | 22.5 | 5.6 | 1,206.3 |
| **Wolverine World Wide**/footwear | 11¾ | 20⅛– 9¾ | 4 | 0.69 | 17.0 | 15.36 | 0.76 | 33.8 | 4.1 | 353.1 |
| **Zapata**/construction, oilfield svcs | 20¼ | 24⅞–15¼ | 27 | 1.42 | 14.3 | 22.39 | 0.90 | 112.5 | 4.1 | 443.0 |

### American Stock Exchange

| Name/business | Recent price | 52-week high low | 4-year earnings growth | EPS | P/E | Book value | Price/ book | Debt/ equity | Yield | Sales ($mil) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Alba-Waldensian**/apparel | 8⅜ | 17⅜– 8⅛ | 69% | $1.45 | 5.8 | $12.48 | 0.67 | 24.8% | 2.4% | $ 46.7 |
| **Avondale Mills**/textiles | 18¼ | 25⅜–17¼ | 87 | 3.10 | 5.9 | 26.65 | 0.68 | 27.7 | 4.4 | 302.1 |
| **Barco of California**/apparel | 3⅜ | 6 – 3⅜ | 4 | 0.25 | 13.5 | 5.80 | 0.58 | 0.5 | 3.6% | 24.3 |
| **Blessings**/health care products | 22¼ | 26 –17⅜ | 35 | 2.52 | 8.8 | 22.60 | 0.98 | 44.9 | 3.6 | 43.6 |
| **CHB Foods**/food processing | 11½ | 15½–10¼ | 6 | 1.49 | 7.7 | 13.00 | 0.88 | 18.1 | 1.7 | 291.7 |
| **Diamond Bathurst**/containers | 9½ | 12⅛– 8 | 8 | 1.21 | 7.6 | 9.87 | 0.94 | 54.8 | 2.2 | 62.4 |
| **EAC**/military equipment | 8¼ | 14⅜– 7 | 5 | 0.95 | 8.7 | 8.66 | 0.95 | 81.3 | 4.8 | 38.8 |
| **Esquire Radio & Elec**/electronics | 30⅛ | 31¼–24¾ | 24 | 5.11 | 5.9 | 41.59 | 0.72 | 0.5 | 2.4 | 67.6 |
| **Galaxy Carpet Mills**/carpets | 13⅛ | 22½– 9⅛ | 58 | 2.20 | 6.0 | 13.68 | 0.96 | 77.9 | — | 200.1 |
| **Gaylords National**/retail | 9⅛ | 11 – 7 | 62 | 0.73 | 13.2 | 11.85 | 0.81 | 81.0 | — | 142.9 |
| **Intercole**/plastic and rubber | 6⅛ | 10⅛– 5⅛ | 6 | 0.79 | 7.8 | 7.81 | 0.78 | 21.4 | — | 29.9 |
| **Metex**/apparel | 11⅞ | 15⅝–11¼ | 4 | 0.81 | 14.7 | 16.26 | 0.73 | 31.6 | — | 14.9 |
| **Mid-America Industries**/auto parts | 8⅝ | 10⅛– 8⅛ | 18 | 0.87 | 9.9 | 11.60 | 0.74 | 36.6 | 4.6 | 83.9 |
| **MSI Data**/computers | 10¼ | 21⅝– 9½ | 10 | 1.38 | 7.4 | 11.58 | 0.89 | 3.9 | 3.9 | 61.2 |
| **Newbery Energy**/elec contracting | 5⅛ | 10½– 4⅝ | 56 | 1.29 | 4.0 | 5.64 | 0.91 | 118.2 | — | 68.2 |
| **Noel Inds**/apparel | 2¾ | 5⅞– 2¼ | 59 | 0.30 | 9.2 | 6.45 | 0.43 | 10.0 | — | 36.0 |
| **Olla Inds**/handbags | 19¾ | 22⅝–16⅞ | 43 | 1.47 | 13.4 | 24.97 | 0.79 | 0.0 | 2.0 | 5.9 |
| **Pantasote**/plastics and rubber | 6⅛ | 11⅛– 5⅛ | 7 | 0.32 | 20.7 | 7.97 | 0.83 | 39.8 | — | 139.9 |
| **Penn Traffic**/supermarkets | 18⅝ | 26½–17⅞ | 3 | 2.80 | 6.7 | 25.46 | 0.73 | 70.1 | 6.4 | 518.9 |
| **Perini**/construction | 26⅛ | 33¾–23 | 15 | 2.85 | 9.3 | 29.41 | 0.91 | 19.7 | 3.0 | 852.4 |
| **Riblet Products**/mftrd housing | 11⅛ | 18¼– 9⅜ | 12 | 1.32 | 8.4 | 13.53 | 0.82 | 7.3 | 1.8 | 119.2 |
| **SE Nichols**/retail | 7½ | 11⅞– 5⅛ | 17 | 1.52 | 4.9 | 8.54 | 0.88 | 78.6 | — | 277.3 |
| **Shopwell**/supermarkets | 12¼ | 24⅜– 9½ | 13 | 0.89 | 13.8 | 19.63 | 0.62 | 111.6 | 1.3 | 511.9 |
| **TeleConcepts**/telecommunications | 3⅜ | 27 – 3⅜ | NM | 0.54 | 6.7 | 6.71 | 0.54 | 8.0 | — | 34.5 |
| **Trans-Lux**/info display | 10⅛ | 16⅜– 9⅞ | 7 | 1.37 | 7.4 | 13.63 | 0.74 | 25.7 | 1.0 | 28.0 |
| **Virco Mfg**/furniture | 13¾ | 14½–10⅛ | 134 | 1.69 | 8.1 | 14.16 | 0.97 | 73.1 | 0.3 | 137.0 |
| **Vulcan Corp**/footwear | 14½ | 17⅛–12¾ | 4 | 1.88 | 7.7 | 15.27 | 0.95 | 6.8 | 3.4 | 29.8 |

NM: Not meaningful.

# Statistical Spotlight



We look at sales and earnings ratios, debt levels and other measures of corporate vitality. But regardless of how we evaluate these criteria, we put the most emphasis on companies trading at less than book value.

Since our 1981 effort fared so well, we decided to do a repeat performance. This time we applied the same tough criteria that we used three years ago to the Disclosure database of more than 8,500 stocks. In addition to selling below book, the 92 companies on our new lists have had positive earnings over the latest 12 months. They also have positive average annual earnings growth rates over the past four years. Finally, since so many financial firms and utilities meet these statistical requirements, we eliminated these from our list.

Will all the loaded laggards of 1984 be winners? Certainly not. Our past lists have included a sprinkling of bankruptcies and other firms that barely limp along. The market often puts low prices on stocks for a good reason. In fact, some of the companies in our current portfolio—including Goodyear Tire & Rubber and Alba-Waldensian also showed up in 1981.

The beauty of these lists—one apiece for the NYSE, the Amex and the over-the-counter market—is that much of the downside risk is limited. The stocks that you see here are already dirt-cheap, while the potential for future gains is sky-high. ■

## Book-value bargains

### Over-the-counter stocks

| Name/business | Recent price | 52-week high low | 4-year earnings growth | EPS | P/E | Book value | Price/ book | Debt/ equity | Yield | Sales ($mil) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Adolph Coors**/brewing | 13⅞ | 29⅛–12 | 8% | $1.78 | 7.8 | $24.58 | 0.56 | 0.0% | 2.9% | $1,242.2 |
| **Atwood Oceanics**/oilfield services | 17¾ | 25 –15¾ | 110 | 1.23 | 14.4 | 27.15 | 0.65 | 17.7 | — | 100.5 |
| **Bibb**/textiles | 22½ | 23½–16½ | 26 | 4.68 | 4.8 | 49.62 | 0.45 | 40.0 | 2.7 | 245.8 |
| **Cerberonics**/engineering | 6 | 14 – 5¾ | 129 | 0.78 | 7.7 | 7.15 | 0.84 | 0.1 | 1.7 | 32.3 |
| **Chatham Mfg**/upholstery, bedding | 20¼ | 22⅜–19 | 21 | 2.93 | 6.9 | 28.64 | 0.71 | 11.6 | 4.2 | 112.2 |
| **Clow**/water pipes | 10 | 11¾– 7⅞ | 28 | 1.01 | 9.9 | 13.47 | 0.74 | 54.7 | 2.8 | 148.0 |
| **Cobe Laboratories**/health care | 10⅜ | 20⅜– 8¼ | 4 | 0.96 | 10.8 | 14.34 | 0.72 | 11.8 | — | 118.2 |
| **Diamond Crystal Salt**/salt | 25¼ | 28⅜–22½ | 69 | 4.10 | 6.3 | 63.69 | 0.40 | 1.7 | 6.2 | 96.4 |
| **Drug Systems**/retail drug | 4⅛ | 7½– 3¼ | 261 | 0.56 | 7.4 | 5.46 | 0.76 | 21.1 | — | 82.3 |
| **Dysan**/computer equip | 6 | 29¼– 5¾ | 198 | 0.35 | 17.1 | 10.73 | 0.56 | 11.8 | — | 180.0 |
| **Falstaff Brewing**/brewing | 4⅛ | 5⅞– 3⅞ | 44 | 0.25 | 17.5 | 10.06 | 0.43 | 12.3 | — | 66.5 |
| **Figgie Intl Holdings**/multico | 26¼ | 27½–21½ | 9 | 3.63 | 7.2 | 27.87 | 0.94 | 71.7 | 2.6 | 667.9 |
| **Frozen Food Express Inds**/trucking | 13½ | 18¼–11½ | 12 | 1.99 | 6.8 | 20.83 | 0.65 | 15.6 | 2.1 | 58.8 |
| **Gilbert Associates**/engineering svcs | 22½ | 27½–21¾ | 29 | 2.10 | 10.7 | 28.55 | 0.79 | 3.2 | 7.6 | 238.4 |
| **Goody Prods**/hair accessories | 9½ | 18⅞– 7¾ | 5 | 1.13 | 8.4 | 12.74 | 0.75 | 28.4 | 3.2 | 129.4 |
| **Halifax Engr**/engr, computer svcs | 4 | 10¼– 3⅜ | 11 | 0.42 | 9.5 | 4.93 | 0.81 | 19.4 | 1.0 | 23.4 |
| **Horizon Industries**/carpets | 5 | 15 – 3½ | 156 | 1.04 | 4.8 | 6.93 | 0.72 | 116.0 | — | 153.7 |
| **Laclede Steel**/steel | 15 | 17½–13¼ | 484 | 1.75 | 8.6 | 26.51 | 0.57 | 44.4 | — | 190.1 |
| **Lynden**/trucking | 22 | 28½–17 | 86 | 3.32 | 6.6 | 23.96 | 0.92 | 40.4 | — | 103.3 |
| **Noland**/mech, elec equip | 19¼ | 21½–14¾ | 7 | 2.42 | 8.0 | 28.66 | 0.67 | 20.7 | 2.9 | 289.9 |
| **Patrick Inds**/home furnishings | 6⅜ | 13¼– 5⅜ | 62 | 1.20 | 5.5 | 8.73 | 0.76 | 12.7 | — | 103.3 |
| **Rangaire**/home appliances | 6¼ | 7¾– 5⅜ | 12 | 0.48 | 13.0 | 7.92 | 0.79 | 32.6 | 3.8 | 87.0 |
| **Rowe Furniture**/furniture | 6⅜ | 8⅞– 6 | 65 | 1.23 | 5.2 | 8.21 | 0.78 | 43.6 | 2.7 | 60.5 |
| **Royale Airlines**/airline | 5½ | 9¾– 5 | 135 | 0.55 | 10.0 | 7.07 | 0.78 | 121.4 | — | 15.5 |
| **Salem Carpet Mills**/carpets | 2¾ | 7⅛– 1⅞ | 221 | 0.42 | 6.5 | 3.80 | 0.72 | 42.4 | — | 250.8 |
| **Std Commercial Tobacco**/tobacco | 17 | 21 –16 | 153 | 2.72 | 6.3 | 24.09 | 0.71 | 30.9 | 2.6 | 447.2 |
| **System Inds**/computer equip | 6⅜ | 18 – 4½ | 54 | 0.56 | 11.8 | 7.72 | 0.86 | 9.4 | — | 53.1 |
| **Tony Lama**/footwear | 13⅛ | 17⅛–10½ | 135 | 1.56 | 8.4 | 17.02 | 0.77 | 19.4 | 6.1 | 79.0 |
| **Topsy's International**/fast food | 3⅞ | 4 – 2⅝ | 55 | 0.28 | 13.8 | 4.81 | 0.81 | 1.6 | — | 16.3 |
| **Waldbaum**/supermarkets | 18 | 21¼–14½ | 35 | 2.35 | 7.7 | 21.76 | 0.83 | 86.8 | — | 1,491.4 |
| **Wavetek**/electronics | 6¼ | 17⅛– 5⅜ | 2 | 0.42 | 16.1 | 8.00 | 0.84 | 4.2 | — | 84.0 |
| **Westmoreland Coal**/coal mining | 21 | 27½–20⅛ | 159 | 1.93 | 10.9 | 27.41 | 0.77 | 37.3 | 1.9 | 549.3 |
| **WW Williams**/industrial equip | 7½ | 9 – 6¾ | 52 | 1.42 | 5.3 | 15.28 | 0.49 | 100.4 | 5.3 | 97.6 |
| **Wm E Wright**/sewing products | 9⅛ | 11¼– 8½ | 57 | 0.90 | 10.1 | 13.10 | 0.70 | 5.2 | 4.2 | 58.3 |

*Source: Disclosure II via MicroScan Data on diskette from ISYS Corp.*

the Shearson Lehman index. "We're yield buyers," says Brad Hanson of the Franklin fund, which invests mostly in California securities. Mutual, with an unusually long 29-year average maturity for its portfolio, didn't trade much during two years when Stein-Roe and Price traded heavily. The fund, which charges a high 8% load, also had four managers in the 4½-year period.

Why would anyone pay 8% to get into such a passive investment? Why do fundholders tolerate multimillion-dollar fees that managers of even the no-load funds pull down every year? There has been some resistance, although it has not been effective. A lawsuit in 1977 against Fidelity Management & Research over its municipal bond fund was dismissed in 1981.

The municipal bond funds, which have more than $17 billion under management, have this going for them: They are often the lesser of two evils. The alternative is to buy bonds in small lots directly from a broker, and pay hidden sales commissions of 1% to 2% or even 3%. Hidden, because bonds are priced net, with infrequent disclosure of how much the broker has marked them up.

Considering the alternative, the better-performing bond funds don't look too bad. But remember that markets change, and today's hot performers may turn cold. If the bull market in bonds that began this summer continues, some poor-performing funds invested long term would come out on top.

## Correction

The 1984 Mutual Fund Survey (FORBES, *Aug. 27*) understated the long-term performance of nine funds. As a result, Guardian Park Avenue Fund (212-598-8259) was erroneously omitted from the FORBES honor roll. The revised data, with new ratings where applicable, appear below:

| Fund | Market performance UP | Market performance DOWN | Av annual return 1974-84 |
|---|---|---|---|
| Eagle Growth Shares | C | D | 16.8% |
| Farm Bureau Gr Fd | D | C | 14.8 |
| Guardian Park Ave Fd | B | B | 22.1 |
| Merrill Lynch Cap Fd | D | C | 14.6 |
| Mutual Benefit Fund | D | D | 12.9 |
| Oppenheimer Spec Fd | A | C | 28.7 |
| Precious Metals | A | D | 14.4 |
| Sierra Growth Fund | C | F | 14.6 |
| Spectra Fund | A+ | D | 25.1 |

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